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Supreme Court of the United States

No. 73-900
October Term, 1973

LIBBEY-OWENS-FORD COMPANY,
Petitioner,

vs.

SHATTERPROOF GLASS CORPORATION,
Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

BRIEF OF RESPONDENT IN OPPOSITION

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Respondent, Shatterproof Glass Corporation, opposes the petition in the above matter for the reasons that:

(1) No matter of public interest is involved. The case does not come within the purview of rule 19.

(2) The questions presented by the petitioner are neither novel nor the subject of improper or conflicting determinations.

COUNTERSTATEMENT OF THE CASE

This is an action for breach of contract involving a patent license agreement between petitioner L-O-F and respondent Shatterproof.

On May 19, 1955, Shatterproof took a license from L-O-F under a number of patents relating to the production of bent laminated automobile windshields, side lights and back lights. On April 13, 1962, approximately seven years later, L-O-F licensed many of the same patents to the Ford Motor Company. Shatterproof and Ford began to use the licensed patents and were contacted by L-O-F and offered a license at about the same time, which was in 1952. The L-O-F - Shatterproof license has a clause in it called a "favored nations clause" which provided that if L-O-F licensed someone else at terms or rates which were more favorable than those of the Shatterproof license, then Shatterproof was to be notified of such other license and given the benefit of such more favorable terms or rates. L-O-F was also subject to an antitrust consent decree which required it to license its patents to any applicant at reasonable non-discriminating rates.

Most of Shatterproof's royalties were paid under a certain patent to Pearse which, in the opinion of L-O-F's counsel, was impossible to design around. For the period prior to January 1, 1961, Shatterproof paid L-O-F royalties for use of the Pearse patent in the amount of $325,000. For the period prior to January 1, 1961, Ford made a lump sum payment to L-O-F of $460,000, which payment covered all of the patents used by Ford.

For the period subsequent to January 1, 1961, Ford paid L-O-F royalties under Pearse of $700,000 whereas Shatterproof paid only $27,000, both companies then paying at the same rates.

L-O-F insisted that it could not allocate the $460,000 lump sum back royalty payment among the various patents used by Ford.

L-O-F tried to justify the obvious discrepancies between the Ford and Shatterproof rates prior to January

1, 1961 by reference to certain 1927 and 1931 agreements entered into between L-O-F, Ford and Triplex Company whereby L-O-F had acquired the Triplex glass laminating business and rights under the Triplex patents. There is no support in the record for L-O-F's characterization of those agreements.

Notwithstanding L-O-F's obligation to notify Shatterproof of other license agreements, it did not in fact notify Shatterproof of a 1931 agreement whereby Ford obtained royalty-free rights under some of the patents licensed to Shatterproof and it did not notify Shatterproof of some side letter agreements executed on the same day as the basic L-O-F - Ford license.

There are additional facts bearing on the situation, as any reading of the decisions of the District Court and Court of Appeals indicates, but they are not necessary for consideration of the petition at bar.

The record was principally documentary exhibits as to which the parties had no dispute. (Pet. App. 4) The District Court did not have to resolve conflicting testimony nor did it have to evaluate the credibility of any witness for either side.

ARGUMENT

Question 1

L-O-F's argument is that in this matter, the Court of Appeals should have relied upon Ohio burden of proof law and not the federal common law of *United States v. New York, New Haven and Hartford R.R.*, 355 U.S. 253 (1957).

L-O-F contends that a 1942 decision of the Court of Appeals of Franklin County, Ohio, in an estate contest

(not a breach of contract) represents the Ohio law which should have been applied. That decision is too obscure and remote from the case at bar to apply.

The Court of Appeals correctly applied *Erving Paper Mills v. Hudson-Sharp Machine Co.*, 332 F.2d 674 (7th Cir. 1964), which holds that absent recognized state law, the court must look to the law of other jurisdictions. In this case, it looked to the federal common law and a decision of this Court.

There is no reason for the Court to consider L-O-F's first question.

Question 2

L-O-F's complaint here seems to be that the Court of Appeals reversed the District Court without making a specific determination under rule 52(a) that the findings of the District Court were clearly erroneous or that it applied some lesser standard in reversing the District Court.

The issues in the case at bar depend upon legal conclusions to be drawn from uncontroverted facts. The Sixth Circuit applies the clearly erroneous rule in such situations *H. K. Porter v. Goodyear Tire and Rubber Company*, 437 F.2d 244 (6th Cir. 1971).

The question thus works down to a technicality; i.e., when the Court of Appeals reversed the District Court under rule 52(a), did it have to specify that it was complying with rule 52(a), or may be such inferred?

The answer, obviously, is that the Court of Appeals does not have to invoke the magic words "clearly erroneous" every time it reverses a district court.

L-O-F's second question has no more merit than its first.

CONCLUSION

L-O-F's petition should be denied for the reasons given.

Respectfully submitted,

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